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United States District Court
Southern District of Texas
FILED
JUL 08 2019
David J. Bradley, Clerk of Court

US District Court, Southern District

) Case No.: 3.19-cv-00160

US Federal Trade Commission

Vs.

Doug Monahan and iBackPack of Texas, LLC)

AFFADAVIT SUPPORTING

MOTION TO DISMISS

This is a simple case of unexpected and unforeseen circumstances adversely affecting a start-up business called iBackPack of Texas, LLC. It was founded by an Austin, Texas extremely successful entrepreneur Doug Monahan. His first company, Sunset Direct, Inc, a high-tech outsourced sales firm, was started on personal credit cards as its venture – went on to gross \$20 M annually. Monahan sold his 100% interest in Sunset in 2005.

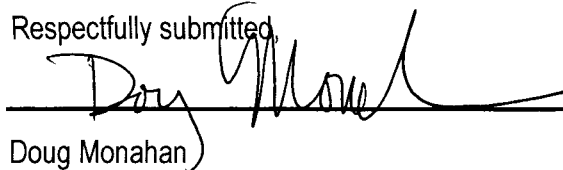
Monahan believed a high-tech backpack would be a good product. He created a website, preliminary designs and loaned \$500k to iBackPack of Texas, LLC. for start-up capital and began aggressively advertising the coming iBackPack. Monahan was planning on raising \$2.5 m via traditional vc firms. Crowd Funding site Indiegogo approach Monahan and convinced him to raise money in the yet unproven, controversial crowd funding website. The iBackPack raised roughly \$800k via crowd funding donations.

iBackPack hired twenty five designers, software engineers and successfully developed the iBackPack prototype as well as 15 high tech add-ons such as 8 different lithium ion batteries, modems, fans, and other products. The iBackPack and all accessories were shipped to the FTC as well as over 100 Beta testers. Lithium ion batteries had unexpected issues. Monahan and iBackPack lined up manufacturing facilities, has videos showing products in products and readied itself to ship. However, in September 2016, Samsung, HP, Panasonic, Dell, IBM recalled millions of the batteries, writing off over \$15 billion due to fires, and unexpected explosions. October through May 2017, Battery pricing skyrocketed, shipping of lithium ion batteries more than quadrupled coupled with major restrictions. American Airlines, United and 15 others banned high-tech luggage from flights.

36 May of 2017, Monahan was admitted to Austin Hospital ICU for over thirty days. He had life-threatening
37 pulmonary embolisms (blood clots) where he underwent four major surgeries including full hip replacement,
38 a near amputation of leg, multiple skin grafts and more. His hospital bill totaled \$414k – none paid for with
39 iBackPack funds. Today, Monahan is physically handicapped, out the half a million he invested, being sued
40 by the FTC and struggling financially and with his health.

41
42 There was never any intent to deceive as the FTC claims. Those who contributed to the iBackPack
43 understood there were high risks, realized they were not purchasing any product, and made their
44 contributions knowingly and willingly without undo pressure. All contributions were via internet. Please
45 dismiss this case. It is poor use of the court and government resources.

46 Respectfully submitted,

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